UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
8th meeting
held on
Friday, 29 October 1993
at 10 a.m.
New York

SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued)

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.5/48/SR.8
2 December 1993
ENGLISH
ORIGINAL: FRENCH

93-81975 (E)

The meeting was called to order at 10.15 a.m.

AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/48/11)

1. Mr. NOVRUZOV (Azerbaijan) protested against the flagrantly unfair assessment proposed by the Committee on Contributions for Azerbaijan. Fixed at 0.22 per cent of the United Nations regular budget, the assessment bore no relationship to the country's real economic situation. It should not be forgotten that Azerbaijan was a victim of aggression, that 20 per cent of its territory was occupied, and that it had 1 million refugees out of a population of 7 million inhabitants. Compounding its difficulties were the plunge in the official exchange rate of the rouble against the dollar and the continued use of Soviet statistics, which bore no relation to reality.

2. Future theoretical discussions on the length of the statistical base period and the scheme of limits would be of questionable value. His delegation would participate in the discussions but it must inform the Committee that Azerbaijan, a young independent State which still believed in the United Nations, had no intention of allowing itself to become a willing victim.

3. Mr. MARKER (Pakistan) said that, since the Committee on Contributions would be considering the scale of assessments for 1995-1997 during its session in 1994, it was essential for the Fifth Committee to provide it with clear, unambiguous guidelines in anticipation of the forty-ninth session of the General Assembly.

4. Reaffirming that the capacity to pay should remain at the core of the scale methodology, he expressed disappointment that, according to the Committee's report, certain Member States supported the concept of purchasing power parity, which had not even been accepted by the International Monetary Fund. As for the "clean slate" approach, it was sufficient to state that it would result in a five-fold increase in the assessment rates of medium-income countries with relatively large populations and that it would substantially lower the assessment rates of a large number of countries which were in a position to pay more by virtue of their level of development.

5. His delegation appreciated the difficulties confronting the 22 Member States. The agreement on the gradual phasing out of the scheme of limits was helpful to them, but the Committee should strive to take their concerns more fully into account in the new scale of assessments.

6. His delegation regarded the current scale methodology as both workable and consistent. While it could be further improved, there was no reason to change it radically. Thus, the dual advantage of the 10-year statistical base period was that it guaranteed stability and predictability of assessment rates. His delegation had, however, noted the view of the Committee on Contributions that multiples of three years would be technically more sound and agreed with the idea that a nine-year period might be more feasible.

(Mr. Marker, Pakistan)

7. The scheme of limits was directly linked to the base period, since its raison d'être was precisely to rectify excessive fluctuations between scales.

8. In conclusion, his delegation wished to reaffirm its conviction that the criteria set forth in resolution 46/221 B and accepted by the vast majority of Member States constituted the most rational basis for the scale methodology.

9. Mr. LAMAMRA (Algeria) welcomed the appointment of Ambassador Ali as member emeritus of the Committee on Contributions in gratitude for his 27 years of outstanding service and invited the officers of the Committee to find an appropriate way to pay tribute to him.

10. Concerning the scale of assessments, he said that his delegation attached great importance to the principle of capacity to pay. In that context, the Japanese proposal to request a high-level group of experts to pinpoint the concept of capacity to pay was worth considering and could ultimately facilitate the formulation of a scale on a consensus basis. In the meantime, the Fifth Committee should come to an agreement on specific guidelines to give to the Committee on Contributions with a view to determining the scale for the triennium 1995-1997.

11. From that perspective, Algeria believed that if national income continued to be the main criterion for capacity to pay, it should be calculated on the basis of realistic conversion rates, taking into account each country's indebtedness. The indebtedness coefficient should be larger, moreover, in order to reflect more accurately the considerable impact of indebtedness on the capacity to pay of a country which, like Algeria, earmarked the bulk of its export earnings for debt service.

12. As to the 10-year statistical base period, it was both a distortion factor and a source of inequity in that it gave a false picture of a State's real situation at the time it paid its contribution. Algeria, for its part, hoped that the period would be shortened to a maximum of three years.

13. While acknowledging the need to review the low per capita income allowance and the scheme of limits, his delegation stressed that they should not be done away with overnight.

14. As the ceiling and floor for contributions existed for political reasons that were still valid, it would be ill-advised to question them.

15. The increase in Algeria's rate of contribution in recent years, at a time when its capacity to pay was declining, was symptomatic of the shortcomings and inequity of the current scale methodology. It was therefore urgent to improve the methodology in order to arrive at fairer, more objective results.

16. Mr. TANG Guangting (China) said that the Committee on Contributions had inevitably reached the conclusion that the only way to calculate assessments more closely in line with the 22 Member States' capacity to pay would be to develop a new scale of assessments. That was because the General Assembly had been unable to agree on how to improve the scale methodology at its forty-seventh session. The Fifth Committee had therefore to determine a new scale of assessments that better reflected the capacity to pay of Member States.

17. Given the many ways of defining income, his delegation agreed with the Committee on Contributions that from a technical viewpoint national income was the most appropriate concept for the scale of assessments, although various alternative concepts of income should be kept under consideration.

18. The conversion rates used to calculate assessment rates had a direct impact on determining the capacity to pay of States. The applicability of those rates in practice must be ensured and the data on which they were based must be reliable. The rates should give an accurate picture of the relations between States in terms of goods, services and other transactions. The Committee on Contributions was therefore justified in determining that it would be preferable to continue using market exchange rates, even if the use of price-adjusted exchange rates could correct some distortions. Moreover, while the concept of purchasing power parity was theoretically justified, it should be noted that those organizations which used it did so for analytical purposes only. The concept was based on the assumption that goods and services selected for comparison were actually comparable; and yet, in reality, the situation varied greatly from country to country. In the developing countries, moreover, pricing systems were not yet fully developed. The question was extremely complex and, in the current circumstances, the use of such parities would only lead to further distortions.

19. What was important with regard to the statistical base period was not whether it was 3, 5 or 10 years, but that, once established, it should remain stable and not be subject to constant changes. As for the scheme of limits, it was an arbitrary device that had a distorting effect on the scale of assessments in violation of the principle of capacity to pay, as was readily apparent from the calculation of the assessments of the 22 countries. His delegation was therefore in favour of gradually phasing it out, provided that due account was taken of the interests of those developing countries that would be most affected by the decision.

20. The low per capita income allowance was fundamental to the principle of capacity to pay. His delegation regretted that certain members of the Committee on Contributions had advocated the so-called "clean slate" approach, by which the scale of assessments would be established purely on the basis of total national income. It was evident that most of the beneficiaries of such an approach would be developed countries, with greater capacity to pay. That approach, which would benefit the rich and victimize the poor, must be rejected now as it had been in the past. His delegation could not accept any approach which did not incorporate a non-discriminatory allowance formula.

(Mr. Tang Guangting, China)

21. He also noted with great concern that certain members of the Committee on Contributions had once again put forward the idea of linking assessments with so-called "privileges". That would be tantamount to buying power with money, and his delegation wished to point out firmly that the United Nations was neither a bank nor a transnational corporation. Any link between contributions and the acquisition of special privileges was in contravention of the spirit of the Charter and was totally unacceptable. The Committee on Contributions was a technical body, and its members should refrain from any political considerations, particularly when they were in violation of the spirit of the Charter.

22. Mr. PANEV (the former Yugoslav Republic of Macedonia), recalling that his country belonged to the group of the 22 Member States, stressed that the assessments for those countries scarcely reflected their current economic situation or, in certain cases, their capacity to pay. His delegation fully supported the conclusion of the Committee on Contributions that "a determination of assessment rates for the 22 Member States that better [reflected] their current capacity to pay could only be achieved in the context of a new scale of assessments". Since the Assembly would need to give guidelines to the Committee on Contributions regarding the scale of assessments for 1995-1997, it was essential to make every effort to adjust the current methodology in response to the problems faced by the newly independent transition economies.

23. The Republic of Macedonia was facing enormous difficulties, as a result above all of external circumstances, in particular the fact that his Government was strictly implementing the Security Council resolutions on sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro). The contribution of the Republic of Macedonia should be determined exclusively on the basis of official statistics provided by the competent Macedonian authorities and not on the basis of information supplied by the former Yugoslav authorities. Its rate of assessment would then be lower than that recommended by the Committee on Contributions.

24. His delegation was of the view that the statistical base period should be much shorter. Further, the question of the exchange rates used in the calculation of assessments should be carefully considered in order to ensure that an accurate picture was given of economic realities, thus reflecting real capacity to pay.

25. It was obvious that political factors were as important as economic and technical factors in formulating the scale of assessments. It was thus important for the Fifth Committee, and the General Assembly, to take due account of such considerations.

26. Mr. ZEVELAKIS (Greece) recalled that, with respect to references to Macedonia, Security Council resolution 817 (1993) provided that the State should be provisionally referred to as "the former Yugoslav Republic of Macedonia" pending settlement of the difference that had arisen over the name of the State.

27. Mr. CHINETOV (Kyrgyzstan) reaffirmed the basic positions set forth in the joint representation to the Committee on Contributions by the 14 former Soviet Republics. The 14 advocated a reduction in the statistical base period so as to take into account the problems which had been affecting the transition economies for some time, the early abandonment of the scheme of limits and the uniform use of IMF exchange rates. The method followed for the establishment of the scale of assessments must be such that it could be quickly and objectively adjusted in response to changes in economic circumstances.

28. As a result of the parameters currently utilized, the assessment for Kyrgyzstan did not correspond to its real capacity to pay. A new scale, better reflecting capacity to pay, would release hundreds of thousands of dollars which could be used for economic development and the control of drug trafficking.

29. Mr. SOH (Republic of Korea) noted with sympathy the situation faced by the 22 Member States, and said that he supported the suggestion by the Committee on Contributions that the rates of assessment for those States should be determined in the context of a new scale rather than through preferential treatment.

30. His delegation agreed with the Committee on Contributions that national income was more sound for the purposes of the scale of assessments. In addition a 100 per cent gradient would give rise to problems and would benefit only a very limited number of countries.

31. His delegation endorsed the phasing out of the scheme of limits, while noting that there was a close link between the scheme and the statistical base period. The latter should not be shortened, since its current length was the strongest guarantor of stability over time in that it averaged out national income fluctuations. Lastly, his delegation agreed with the Committee on Contributions that it was most appropriate to continue to use market exchange rates (MERs). The disadvantages of using MERs would be resolved as soon as all States Members of the United Nations had become members of IMF.

32. While it was true that the current methodology was far from simple, the "clean slate" approach, by which a country's rate of assessment would be based only on its total national income compared to the total world income, would not produce fair results. There was thus a need to proceed cautiously and to undertake a comprehensive analysis of the situation before making any significant changes to the current system. His delegation would support efforts to establish a scale of assessments that adequately reflected Member States' capacity to pay, but believed that, in future, account must be taken of non-technical factors.

33. Ms. ARYSTANBEKOVA (Kazakhstan) paid a tribute to Syed Amjad Ali who richly deserved to be appointed as member emeritus of the Committee on Contributions, which he had chaired for 27 years.

34. Nobody denied that improvement in the financial situation of the United Nations was directly linked with improvement of the scale of assessments and its methodology. It was unfortunate that the Fifth Committee had been unable to reach a consensus in 1992 as to how to deal with the contributions of the new

(Ms. Arystanbekova, Kazakhstan)

Member States and how to improve the scale methodology. That had complicated the work of the Committee on Contributions at its fifty-third session. Kazakhstan had hoped that at its latest session the Committee on Contributions would agree to its request that its rate of assessment should be changed in accordance with rule 160 of the rules of procedure of the General Assembly, and it had supported the joint appeal of the 14 republics of the former Union of Soviet Socialist Republics.

35. Kazakhstan welcomed the growing understanding that the scale methodology should reflect to the maximum extent its basic principle, i.e. the capacity to pay. That goal was difficult to attain, but the Fifth Committee ought to be able to devise a simple, transparent and non-discriminatory scale which reflected the recent changes in the world and in the United Nations. The delegation of Kazakhstan agreed with the Committee on Contributions that the concept of national income should be used as the basis for calculation of the scale.

36. Kazakhstan also supported the use of market exchange rates, but on a universal basis. The efforts to solve the problems connected with the quality of statistical data should be continued, especially with respect to the new Member States, and care should be taken in the application of the different adjustment procedures, including the low per capita income allowance. In any event, it was important to eliminate as far as possible the distorting elements in the present scale methodology, in particular the scheme of limits.

37. The present statistical base period should be considerably shortened in order to reflect better the actual capacity to pay.

38. It was encouraging that many delegations understood the problem and the concerns of the new Member States, whose rates of assessment could be changed in the context of a new scale without them receiving any preferential treatment.

39. Mrs. MLADINEO (Croatia) reiterated Croatia's support of the principle of the capacity to pay, for its own capacity had been considerably reduced as a result of the dissolution of the former Republic of Yugoslavia. The Croatian economy, which had been relatively sound before the war despite being semi-planned, had had to cope simultaneously with the problem of the transition to a market economy and with the destruction caused by the war. The aggressors still occupied 23 per cent of the country's territory; 30 per cent of its industrial facilities had been destroyed, and about 15 per cent of its total housing stock of 1.8 million units had been destroyed or damaged. The main rail and road routes connecting the north and south of the country had been put out of use, causing tremendous transportation, communication and economic problems. The direct losses suffered by Croatia owing to the war were estimated at US$ 20 billion. The per capita GDP had fallen from US$ 3,700 in 1990 to US$ 2,100 in 1992. About 18 per cent of the workforce was unemployed. The country's economy would need a long time to recover to its pre-war levels. Given the reduction in its capacity to pay, the Government had been unable to meet its obligations to the United Nations in full.

(Mrs. Mladineo, Croatia)

40. Accordingly, the Croatian delegation believed that the adoption of a shorter statistical base period would make it possible to establish a more realistic scale of assessments which took into account the true economic situation of each Member State.

41. Mr. ZEYAD (Kuwait) said that his delegation was pleased that, in view of the distinguished service of Syed Amjad Ali as its Chairman for 27 years, the Committee on Contributions had decided to recommend to the General Assembly that he should be appointed as member emeritus.

42. It regretted that the consideration of the methodology of the scale of assessments in the Fifth Committee in 1992 had hindered rather than facilitated progress in the improvement of the methodology. The methodology, which was based on General Assembly resolution 46/221 B, had undergone many modifications, and it would be preferable to continue to amend it rather than to start again from square one.

43. Mr. WORONIECKI (Poland) said that his delegation was also pleased that the Committee on Contributions had decided to recommend that Syed Amjad Ali should be appointed as member emeritus. He should also be officially granted the freedom of the Headquarters of the United Nations on a permanent basis. Furthermore, a display board describing the financing of the United Nations and the work of the Committee on Contributions and including a portrait of its former Chairman should be erected in the public part of the Headquarters building.

44. Like the European Community and its member States, Poland was ready to see the scale of assessments simplified and made more transparent on the basis of verifiable, reliable, comparable and recent data. The scale should be based on the principle of the relative capacity to pay, which would be determined in the light of comparable national income data. That would be a lengthy undertaking requiring the gradual elimination of the existing distortions in the assessments of Member States. The first step should be to dispense with the scheme of limits which was an unfortunate legacy of the first - and short-lived - energy crisis of the 1970s. As the European Community had suggested, shortening the statistical base period would help to establish fairer assessments for the Member States which had emerged from larger entities. As the World Economic Survey confirmed, the transition from a planned to a market economy had proved to be more arduous than expected, and it would apparently take several years to attain former output levels; that was true of Poland as well as other countries.

45. The Polish delegation was committed to the spirit and principle of consensus in the negotiation and adoption of the scale of assessments.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

Managing works of art in the United Nations (A/48/72 and Add.1)

46. Mrs. ARCHIRI DE GIOVANNI (Italy) said that it was necessary to make an inventory, in accordance with professional criteria, of the works of art of the Organization, and that their evaluation and conservation must be based on well-defined principles. It was also important to strengthen and reorganize the Arts Committee.

47. Mr. SPAANS (Netherlands) said that experts from local museums in New York and other headquarters cities should be called in to ensure the good management of the Organization's works of art.

48. Mr. ABRASZEWSKI (Joint Inspection Unit) endorsed the suggestion that local experts should be called in to manage the works of art.

49. The CHAIRMAN declared that the Committee had completed its general debate on the report of the Joint Inspection Unit on managing works of art in the United Nations.

The meeting rose at 12.45 p.m.